



U.S. Department of Housing and Urban Development  
Public and Indian Housing

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Special Attention of:

**Notice:**

ONAP Administrators;  
Tribes; and Tribally  
Designated Housing  
Entities

Issued:  
Expires

Cross Reference: 24 CFR Part 1000

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Subject: Dwelling Construction and Equipment (DC&E) Costs for Affordable Housing under the Native American Housing and Self-Determination Act of 1996 (NAHASDA)

1. Purpose: This Notice transmits the schedule for the maximum amount of funds which may be used per unit for DC&E costs of developing affordable housing under NAHASDA. It also provides a history and description of the DC&Es, as well as procedures for requesting a variance. The requirement for the development and imposition of these limits is found in 24 CFR 1000.156 of the Indian Housing Block Grant (IHBG) regulations published on March 12, 1998.
2. Background: Section 1000.156 of the IHBG regulations requires the Department to establish a limit on the amount of IHBG funds which may be used per unit for the dwelling construction and equipment (DC&E) cost of a housing unit. In past development programs, there was a limit called Total Development Cost which included an amount for the DC&E as well as other costs associated with developing a project. Under NAHASDA, these other costs, including administration, planning, site acquisition, water and sewer, demolition, and financing may be eligible NAHASDA costs but are not subject to the DC&E limit.
3. Applicability: All housing units developed with IHBG funds are covered by the provisions of this Notice. Funds initially provided under the U.S. Housing Act of 1937 that were in possession or control of an Indian Housing Authority and unobligated on the effective date of NAHASDA are covered by NAHASDA as stated in Section 210, and therefore by the provisions of this Notice.
4. Responsibility: The tribe/tribally designated housing entity (TDHE) is responsible for ensuring that the amount of

IHBG funds used for each unit does not exceed these limits. The tribe/TDHE must maintain records showing that housing was developed in keeping with this, and other applicable requirements.

5. DC&E: A DC&E is published for each tribe and covers the tribally recognized land base. It specifies the bedroom size for single family units (one to four units). The DC&E costs include all construction costs (including profit and overhead of a contractor) of an individual dwelling within five feet of the foundation. It excludes any administrative, planning, financing, site acquisition, utility development, and site development more than five feet from the foundation. DC&E amounts are based on a moderately designed house and are determined by averaging the current construction costs as listed in two nationally recognized residential construction cost indices for publicly bid construction of a good and sound quality.
6. Variance: If a tribe/TDHE determines that the published DC&E amounts are not representative of construction costs in its area, it may provide HUD with relevant information and request a re-evaluation. If a tribe/TDHE chooses to fund the development of housing outside of its tribally recognized land base, thereby rendering the published DC&Es for that tribe inapplicable for that specific housing, it shall request DC&Es that are appropriate for that housing. If a tribe/TDHE decides to fund the development of housing of a construction type which is not covered by these DC&Es, it shall request HUD to provide DC&E costs specific to the type of housing it is developing. These special requests shall be sent to the Area Office of Native American Programs (AONAP) for evaluation. The AONAP Administrator has authority to approve variances up to 105% of the published DC&E. The AONAP will work with the National ONAP to develop appropriate DC&Es. Variances beyond 105% must be approved by the Deputy Assistant Secretary for Native American Programs.
7. Time Adjustments: Data used for the calculation of the DC&Es have been adjusted for time to coincide with the publication. No additional adjustments to the published DC&Es are authorized.

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Acting Assistant Secretary